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Brian Pugh

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March 18, 2022

Mayor Brian Pugh and Board of Trustees
Village of Croton-on-Hudson
1 Van Wyck Street
Croton-on-Hudson, New York 10520

Dear Mayor Pugh and Trustees:

Attached is the tentative budget for the Village of Croton-on-Hudson for the fiscal year 2022-2023. This budget is presented to you for your consideration and review in accordance with the provisions of Article 5 of New York State Village Law. The proposed budget has also been filed with the Village Clerk's office and will be made available to the public at the Croton Free Library, the Municipal Building (room 24), and on the Village website.

Tax Rate, Tax Cap, and the Allowable Levy

On January 18, 2022, the Village Board adopted Local Law 1 of 2022 to override the property tax cap law. My tentative budget does not comply with the Property Tax Cap legislation, which this year has applied a tax base growth factor of 0.58% and an allowable levy growth factor of 2%. There is no available carryover from the previous fiscal year and there are no exclusions from the calculation. This year's allowable levy limit is \$12,660,827, an increase of \$319,829 over last year's levy. I am proposing a tax levy of \$12,827,094, which is \$166,267 over the allowable limit and an increase of \$486,096 from the prior year.

The proposed tax rate for the tentative budget is \$281.930 per \$1,000 of assessed valuation. This represents an increase of \$9.974 per \$1,000 of assessed valuation resulting in a 3.67% increase in the tax rate. Based upon this proposed increase, the property representing the average assessment in the Village of 15,870 would pay an additional \$158 in Village taxes. The proposed budget for 2022-2023 reflects an increase in the Village's assessments of 118,804.

Since the tax levy cap law was instituted in 2012, the Village has remained under the tax cap for 9 of the 10 years. In the 2014-15 fiscal year, the Village did override the tax cap law and the levy was \$28,634 over the allowable limit. Overall, however, Village taxpayers have paid \$1,163,265 less in taxes compared to what the allowable levies were through the 2021-2022 fiscal year. Tax increases from the prior four years have been 0.47%, 0.46%, 1.98% and 2.73%.

Impacts from COVID-19

Although the pandemic is showing signs of abating at the moment, the Village continues to suffer from the devastating effects of the past two years. Parking revenues at the Croton-Harmon Train Station, a major source of non-tax revenue for the Village, have not recovered to their pre-pandemic levels. We also continue to see reduced revenues in fines and forfeitures from the Village Justice Court (related, in part, to the reduced usage at the train station parking lot).

The Village continues to provide all services to residents, as it has throughout this pandemic. Garbage collection continues, police remain on the job 24/7 and safety inspections are occurring. Although many services are now available online, the Municipal Building is open and operational for those who wish to come in-person to conduct their business.

Revenue and expenditure variances from the previous year:

Revenues:

- Non-tax revenues represent 31.22% of total appropriations. Projections for these revenues have been set at \$6,003,134. This represents an increase of \$1,113,612 over the last fiscal year; however, it remains \$1,634,674 below the pre-pandemic year of 2019-2020.
- Parking revenues (a portion of the non-tax revenue listed above) are estimated at \$1,780,000. This is an increase of \$576,000 over the previous fiscal year. For reference, in 2019-2020 the parking revenue was estimated at \$3,735,000. Year-to-date (through March 11, 2022), the Village has earned approximately \$1,560,863, which includes the sale of all four permit quarters and the daily parking at the train station.
- I am forecasting an increase in sales tax revenue of \$250,000 over the prior year's budgeted amount. This is based upon the actual year-to-date revenue we have received.
- I am forecasting an increase in recreation fees of \$100,000 from the prior year's budgeted amount as programs such as summer camp return to normal operation. Additionally, I am forecasting a combined increase of \$10,000 in the beach and pool charges and marina and dock charges as the Village continues to see strong demand for both.
- I am forecasting a \$10,000 reduction in the amount of cable TV franchise fees the Village receives, from \$130,000 to \$120,000, as residents continue to "cut the cord." I believe this number will continue to decrease over time as there are less "traditional" cable TV subscribers.

Expenditures

The Department Heads have tried to either lower or maintain the level of discretionary expenditures. Nevertheless, after two years of austerity budgets due to the pandemic, I have returned many of the items which had been previously removed. These include items such as decorative plantings for the Village, funding for Summerfest and the Fall Festival and overtime for summer concerts. The total estimated appropriations of \$19,230,228 represents an increase of \$362,174 from the previous year. Even so, this estimation remains \$197,427 below the pre-pandemic 2019-2020 total of \$19,427,655. The following represents the significant variances from the prior year.

Significant decreases in expenditures:

- The assistant automotive mechanic position has been eliminated from the central garage, which will save \$86,032.
- The accounts for vehicle maintenance and vehicle supplies have each been combined into one line, reducing the need for contingency in separate lines. This has saved \$13,170.
- The budgeted salaries for crossing guards and park rangers have been reduced by \$15,875 to reflect the actual hours worked by those employees.
- The snow supplies budget has been reduced by \$20,000 to reflect a more accurate estimate of a normal winter season. As we have recently seen, there are weather extremes which may make this number too low or too high in any given season.
- The budgeted salaries for the parking enforcement officers at the train station parking lot have been reduced by \$10,000 to reflect the actual hours worked by those employees.
- The Village newsletter is now being printed and mailed in-house, reflecting a savings of \$7,205.
- The process of field maintenance is now being done in-house, resulting in a savings of \$6,070.
- Due to a large number of retirements over the past 12-16 months, and the new hires paying more into the retirement system, the amount budgeted for the pension contribution has been reduced by \$103,838. This is based on an estimate provided by the New York State Local Retirement System.
- Unemployment insurance has been reduced by \$16,000 as all employees have returned to the work force following the pandemic.
- Debt service has been reduced by \$83,432 due to the Village's successful refunding bond in February 2022.

Significant increases in expenditures:

- The budget is proposing to fill two full-time positions which have remained vacant: a Police Officer and DPW Laborer. Additionally, two part-time positions are being requested: a Fire Department Caretaker and Deputy Village Clerk (the latter of which was previously a full-time position). The total salaries for these positions are \$154,004.
- The contribution to the New York State Police & Fire Retirees System has increased by \$55,000, based on the estimate provided by the system. This system only covers the police department in the Village as the fire department is all-volunteer.
- The Village's health insurance contribution has increased by \$260,259 due to increased premiums from the New York State Health Insurance Program (NYSHIP).
- Tipping fees due to Westchester County for refuse have been increased by \$15,000. This is a combination of an increased rate being charged by the county, as well as more garbage being produced by the Village.
- The contractual cost for providing a 24/7 EMT and paramedic fly car from Ossining VAC has increased by \$16,776.
- The contribution to the fire department's Length of Service Award Program (LOSAP) has increased by \$15,915.
- The various overtime lines of the police department have increased by \$37,000 based on actual costs and new community policing initiatives being planned by the department and Police Advisory Committee.

- Gasoline and electricity charges have been increased by \$25,000 due to the recent increases in price for both.
- The contingency account has been increased by \$100,000 to plan for unforeseen expenses.

Water Fund

I am recommending a 5% increase in the water rates. In the fiscal year ending May 31, 2021, the water fund had a surplus of \$239,203. However, water consumption continues to decrease due to high-efficiency fixtures, more rapid repair of leaks and general conservation efforts by Village residents. In the past five years, we have seen a decrease of almost 22% in water usage. In calendar year 2021, a total of 277,558,377 gallons of water was pumped. This compares with a total of 355,116,941 gallons pumped in 2017. A surplus in the fund is necessary in order to help cover the cost of improvements to the water infrastructure (thus limiting the need to go out to bond for this fund) and make any necessary emergency repairs. This is why an increase in the rates continues to be justified.

Sewer Fund

As of May 31, 2021, the sewer fund had a fund balance of \$422,282. I am proposing no increase in the sewer rates for the 2022-2023 fiscal year due to the healthy fund balance that presently exists.

Capital Program

The tentative budget includes a capital plan for the current year and nine subsequent years. The capital budget for 2022-2023 proposes spending in the amount of \$2,093,720. This amount will be funded through long-term debt (discussed below), as well as utilizing \$250,000 from CHIPS funding, \$284,076 in grant proceeds and \$10,000 from the trust account.

Long Term Debt

I am recommending that the Village issue a bond in the amount of \$1,549,644 in the 2022-2023 fiscal year. This will result in a reduction in the Village's debt of \$389,447 in the General Fund, \$693,069 in the Water Fund, and \$77,069 in the Sewer Fund. This totals a reduction of overall debt of \$1,159,585. Reducing overall debt year over year is in compliance with the Village's adopted Debt Policy.

Fund Balance

I am recommending utilizing \$400,000 in unassigned fund balance to balance the operating budget. By utilizing \$400,000, the unassigned fund balance, as stated in the 2020-2021 final audit, will be lowered to \$3,407,378, which is 17.7% of the proposed appropriations for 2022-2023. This allows the Village to remain within the guidelines of its Fund Balance Policy, which calls for a range between 17% to 22%.

The following is the list of meetings we have scheduled in order to review and adopt the budget.

I recommend that the Board review the department accounts prior to each meeting so that the staff can answer any questions the Board may have regarding each of the accounts.

Monday, March 28 – 7 p.m. - Public Hearing on the Tentative Budget

Thursday, March 31 – 7 p.m. - Review of the Department of Public Works Budget
General Fund Account #s A: 1620, 1640, 3310, 3510, 5010, 5110, 5140, 5142, 5182, 7110, 7550, 8090, 8140, 8160, 8170, 8510, 8560
Water Fund Account #s F: 8310, 8320, 8340
Sewer Fund Account #s G: 8120

Tuesday, April 5 – 7 p.m. - Review of the EMS, Police & Fire Department Budgets
General Fund Account #s A: 3120, 3189, 3410, 4540

Monday, April 11 – 7 p.m. - Review of the Recreation & Administration Budgets
General Fund Account #s A: 1010, 1110, 1210, 1230, 1320, 1325, 1355, 1362, 1410, 1420, 1440, 1650, 1680, 1910-1980, 1990, 4020, 5650, 6410, 7020, 7140, 7180, 7310, 7510, 7610, 8010, 8020, 8710, 8790, 9010-9060
There will also be a review of the proposed master fee schedule on this evening.

Monday, April 18 – 7 p.m. - Regular Meeting & Budget Recap

Thursday, April 21 – 7 p.m. - Review of Proposed Capital Budget

Monday, April 25 – 7 p.m. - Budget Adoption

Sincerely,



Bryan T. Healy
Village Manager